



**DATE:** May 25, 2009

**TO:** Greg Burris  
City Manager

**FROM:** Mary Lilly Smith *MS*  
Economic Development Director

**RE:** Police/Fire Pension Task Force Request  
Community Improvement Districts

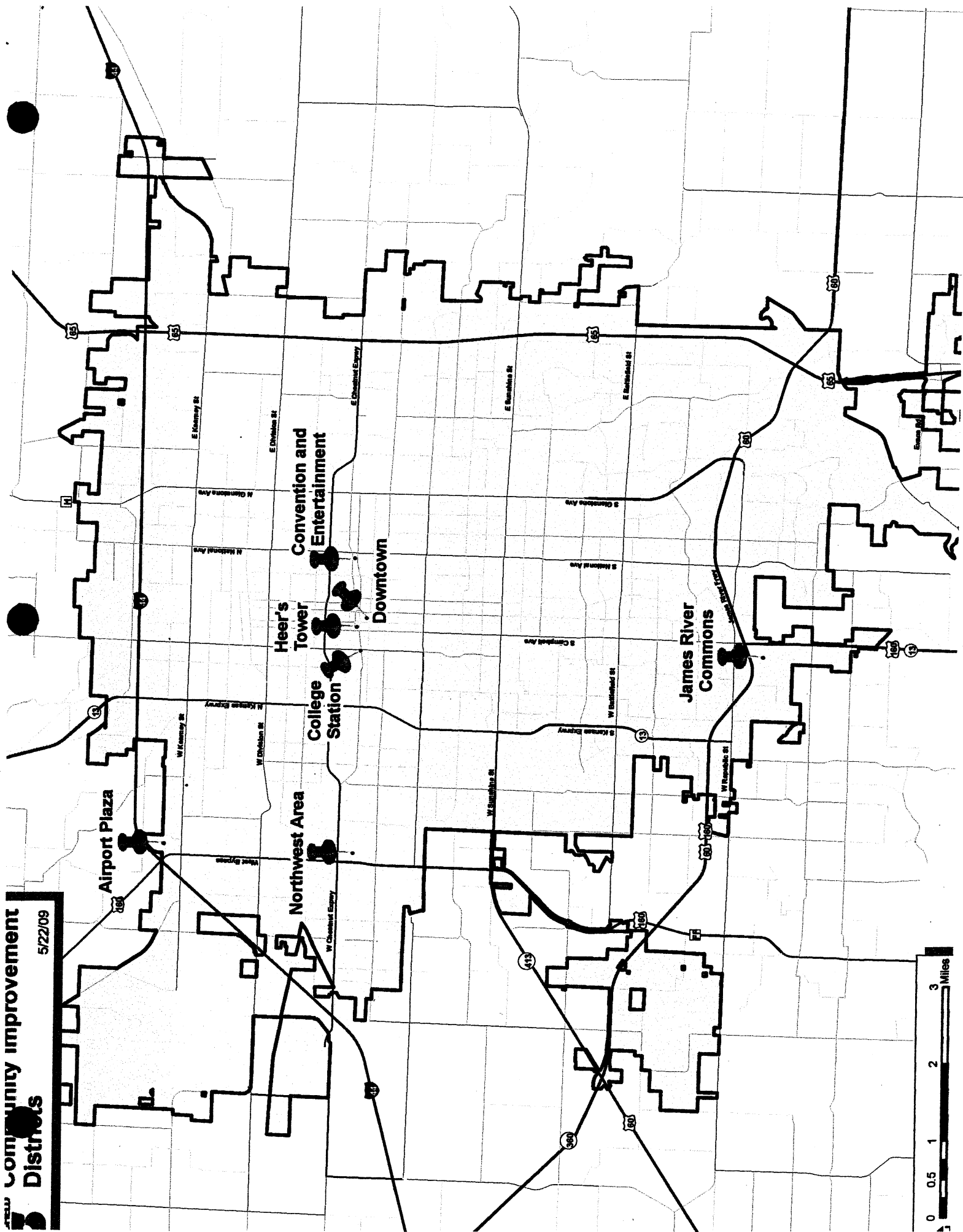
Attached please find the following information regarding Community Improvement Districts:

- Map of Community Improvement Districts approved in Springfield
- March 6, 2009 memo to then-Mayoral candidate Jim O'Neal discussing the formation of CIDs and outlining the revenue sources and services / improvements provided by each CID
- Individual maps of CIDs

Please advise if you need additional information.

**DEPARTMENT OF PLANNING AND DEVELOPMENT**

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DATE: March 6, 2009

TO: Jim O'Neal

CC: Greg Burris                      Ralph Rognstad  
Evelyn Honea                      Marc Thornsberry  
Louise Whall

FROM: Mary Lilly Smith, Economic Development Director

RE: Community Improvement Districts

The accompanying information sheet should provide you with the basics of CIDs. This is an excerpt from the economic development financing manual that my team is preparing. To drill down a little deeper into how CIDs actually work, I offer the following:

The CID petition, which must meet signature requirements as outlined on the information sheet and must be approved by City Council, establishes the unique features of each CID. It sets the "life" of the CID and establishes the services and improvements to be funded, the funding source, and usually establishes the initial board members. There is no set period that a CID may remain in place and it differs depending on whether the CID is just a financing mechanism for improvements or is also providing services.

For example, the Downtown CID was originally established in 1999 for 7 years. It was renewed in 2006 for 10 years. The Downtown CID provides services – sidewalk cleaning, parking enforcement, and marketing. It levies a special assessment based on front footage as well as a sales tax. The Convention and Entertainment CID was designed to provide back-up financing for the Expo Center in the event that TIF revenues are not adequate to service the bonds. It levies a gate tax on events in the district, a business license tax, and a property tax and the petition states that it will be in existence until the bonds are retired or 50 years, whichever comes first.

After a CID is established, it operates independently with a board of directors. The City's primary involvement is in reviewing (not approving) the annual budget and typically the Council approves the board of directors (State law requires review of the budget but does not require Council appointment of the board). Economic Development staff also attend CID Board meetings and assist with postings to meet Sunshine Law requirements.

We have also established suburban / new development CIDs whose sole purpose is to fund public improvements. In those cases, the developer pays for the public improvements and is repaid through the additional tax levied on sales or property within the CID.

Listed below is information on each of our CIDs.

**Downtown Springfield CID**

Established: 1990, renewed 2006  
Life: 10 years  
Revenue Sources: Sales tax not to exceed 0.25%; property tax not to exceed 75 cents/\$100 assessed value  
District Purpose: Sidewalk cleaning, parking enforcement, marketing

**Convention and Entertainment CID**

Established: 2001, amended 2004  
Life: Until the bonds are paid in full or 50 years, whichever comes first  
Revenue Sources: Business license tax not to exceed 4%; gate tax through a business license tax of 25cents per ticket on all admissions at the baseball stadium, Expo Center, and Trade Center; property tax not to exceed \$54/\$100 assessed value\*  
District Purpose: Construct, maintain, and equip Exposition Center and Arena, assist in constructing and equipping parking garage and surface parking, assist in acquiring, constructing, and equipping Baseball Stadium\*

\*Note that the high property tax (\$54/\$100) would only come into play if bonds were issued to finance the baseball stadium and the revenues were not sufficient to retire the bonds. The only property owners in the C&E CID are the City of Springfield and John Q. Hammons so this tax only impacts Mr. Hammons' properties. Also note that a business license tax was used in this CID because the original state enabling legislation did not include the ability to levy a sales tax.

**Northwest Area CID**

Established: 2005, amended 2007  
Life: 25 years or when the improvements are reimbursed, whichever comes first  
Revenue Sources: Sales tax not to exceed 0.50%  
District Purpose: Street and stormwater improvements, bus turnout, street lighting

**Airport Plaza CID**

Established: 2005, amended 2007 and 2008  
Life: 25 years or when the improvements are reimbursed, whichever comes first  
Revenue Sources: Sales tax not to exceed 1.0%  
District Purpose: Street and stormwater improvements, utility improvements, lighting, traffic light

### **James River Commons CID**

Established: 2005, amended 2008  
Life: The latest of December 12, 2035, or all CID projects are reimbursed, or bonds issued by the CID for CID projects are fully repaid  
Revenue Sources: Sales tax not to exceed 1.0%  
District Purpose: Street improvements, site grading, stormwater improvements, traffic signals

### **College Station CID**

Established: 2006  
Life: 50 from effective date of ordinance (January 23, 2006)  
Revenue Sources: Sales tax not to exceed 1.0%  
District Purpose: Construct and equip College Station parking deck

### **Heer's Tower CID**

Established: 2006  
Life: 50 from effective date of ordinance (January 23, 2006)  
Revenue Sources: Sales tax not to exceed 1.0%  
District Purpose: Construct and equip Heer's Tower parking deck

As you are aware, the City expects private developers to pay for the public improvements that are required by their development. The CID provides a means whereby the developer can be repaid through additional taxes generated at his development. CIDs are becoming more and more common throughout Missouri and other states.

One of the questions you asked was whether the CID and City shared the revenue. That has not been the case with the current CIDs, although practically all of the projects financed have been public improvements so in a sense we've shared in improved public streets, etc. We have discussed the concept with some developers where the City would pay for some improvements upfront and share in CID reimbursement but those projects have not moved forward.

The City does require that the developer and the CID enter into an intergovernmental cooperation agreement with the City. That agreement requires the CID to pay an administrative fee to the City (typically 1.5% of revenues) and, if the State does not collect the sales tax, the CID must also pay a 1% collection fee to the City. In addition, we have a \$1,000 economic development incentive fee due at the time the petition is presented for consideration by City Council and the developer must pay all advertising and notice costs.

CIDs are a very useful tool because the customers who take advantage of the CID improvements are the ones paying for the improvements. Conceivably the same thing could occur if the developer charged higher lease rates to his tenants and the tenants passed that increased cost onto the consumer. The CID

is a more transparent way to finance the improvements. CIDs must conduct annual meetings, posted and open to the public, where they consider their annual budget and set their assessment or taxes. This provides an annual opportunity for community involvement.

Please let me know if you would like additional information or copies of any of the CID petitions and/or cooperative agreements.

## COMMUNITY IMPROVEMENT DISTRICT

A Community Improvement District (CID) is a non-profit corporation or a separate political subdivision of the state that may be created for the purpose of issuing bonds, levying taxes, and applying special assessments to finance public improvements, public services, and blight removal within a defined area.

**Authorization:** Sections 67.1401 to 67.1571, RSMo.

### **Eligible Activities**

Public improvements and services and blight removal may be financed by a CID. The improvements or services must be located or provided within the district boundaries. Eligible public improvements and services include, but are not limited to the following:

#### **Improvements**

- Parks
- Convention centers
- Parking lots
- Sidewalks
- Streets
- Bridges
- Storm water facilities
- Sanitary Sewer

#### **Services**

- Economic, planning, marketing or other studies
- Waste collection/disposal
- Recreational and cultural activities
- Special events
- Cleaning and maintenance of public and private property
- Security
- Facility operation

**Blight Removal** – CIDs may pay for the costs of demolishing, renovating, and rehabilitating structures (either public or private) that are located within blighted areas.

### **Financing**

The following sources of revenue may be utilized by CIDs organized as either political subdivisions or nonprofit corporations:

- **Special Assessments** – if approved by owners collectively owning more than 50% of the assessed value, and by more than 50% per capita of property owners in the district
- **Fees and rents** for district property or services
- **Grants, gifts, or donations**

The following sources of revenue are available only to CIDs organized as political subdivisions:

- **Property Tax** – may be imposed if approved by majority vote of qualified voters in the district
- **Sales Tax** – may be imposed in one-eighth of one percent increments up to a maximum of one percent if approved by majority vote of qualified voters in the district.

Qualified voters are defined as registered voters living in the district or, if there are no registered voters, the property owners within the district.

**Bonds:** Both Community Improvement Districts organized as political subdivisions and as nonprofit corporations may issue bonds, notes, and other obligations for not more than 20 years.

### **Approval Process**

A Community Improvement District is created by petition of the property owners. The petition must contain the signatures of property owners collectively owning at least 50% of the assessed value of real property, and at least 50% per capita of all owners of real property within the district. The petition must also contain the following elements:

1. A 5-year plan that describes the purposes of the proposed district, the proposed public improvements and services, and the estimated costs of those improvements and services;
2. Information on the type of district being proposed and its governance. CIDs may be organized either as a separate political subdivision of the state or as a nonprofit corporation (this affects how the district may fund improvements and select its board of directors);
3. The maximum rates of property taxes and special assessments, if any, that may be imposed;
4. Statement concerning whether a sales tax will be sought;
5. Limitations on the borrowing capacity and revenues of the district; and
6. Period the CID will exist.

State law provides specific direction concerning the elements that must be contained in the petition. The City of Springfield has adopted a form petition and cooperative agreement (see Resource Guide) that developers are strongly encouraged to use in drafting documents for establishment of a Community Improvement District.

State law also provides specific direction concerning the time period for certification of the petition by the City Clerk and for notice to property owners and the public. After giving proper notice, City Council shall hold a public hearing. Following the public hearing, City Council may adopt an ordinance establishing the district. The process for creating a Community Improvement District is relatively short, usually taking no longer than two months.



## **Board of Directors**

**Political Subdivision** - The petition specifies whether the Board of Directors will be elected by qualified voters or appointed by City Council. The Board of Directors shall consist of at least 5 but not more than 30 members. Each director must either be a registered voter or an owner (or authorized representative) of a business or property in the district.

**Nonprofit Corporation** - Directors are elected in accordance with Chapter 353, RSMo.

## **Economic Development Incentives Resource Guide**

The following information is available in the *Economic Development Incentives Resource Guide*:

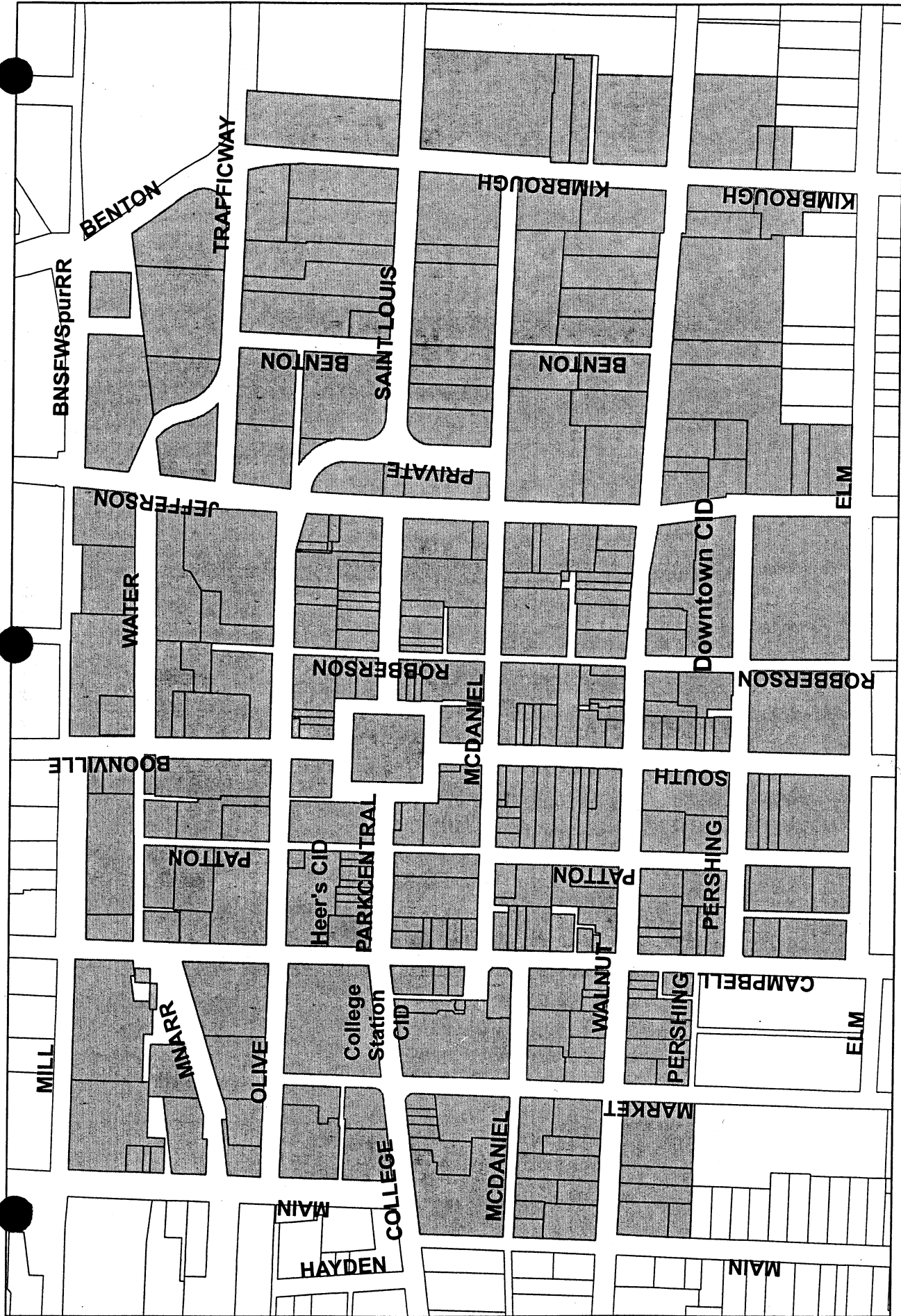
- CID Timeline for Formation
- CID Petition Template
- CID Cooperative Agreement Template

## **Community Improvement District Policies**

1. The City of Springfield will consider the establishment of Community Improvement Districts to finance public improvements and /or public services that will directly benefit the property owners, business owners, customers, and residents of the district.
2. Community Improvement Districts formed for the purpose of financing public improvements will terminate when the public improvement expense has been reimbursed.
3. The developer and/or CID will be responsible for paying for the district public improvements and seeking reimbursement through district revenues. The City will not typically provide upfront financing.
4. The developer and CID will enter into a cooperative agreement with the City of Springfield detailing the eligible CID projects and reimbursement schedule.
5. To ensure consistency and ease of administration, developers will use the City's preferred petition and cooperative agreement forms.
6. The City will typically deduct one and one-half percent (1½%) from district revenues collected for its Administrative Fee and, if applicable, one percent (1%) from district revenues collected for its Collection Fee.
7. The CID will comply with all open meetings and open records laws.

## **Staff Contact**

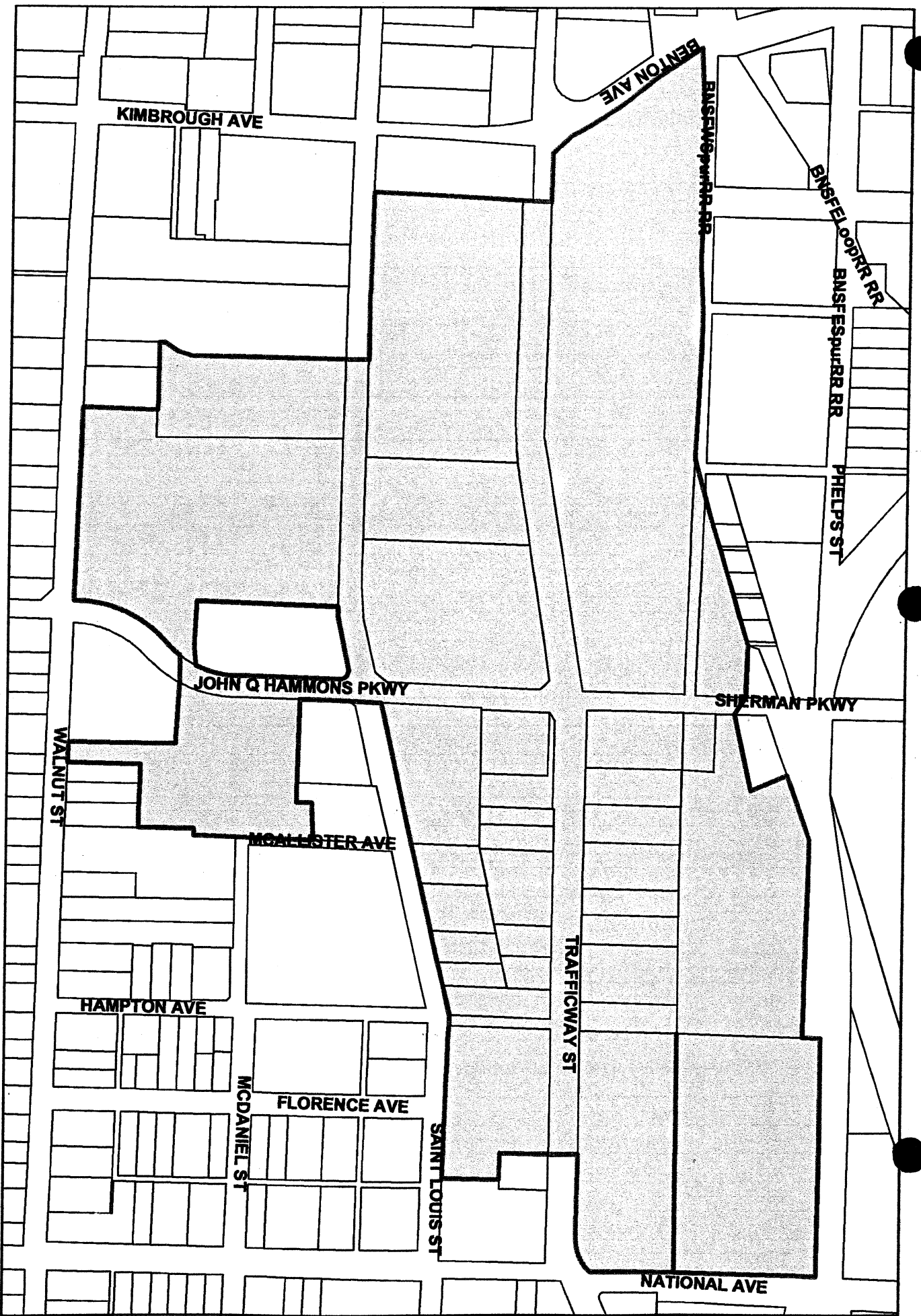
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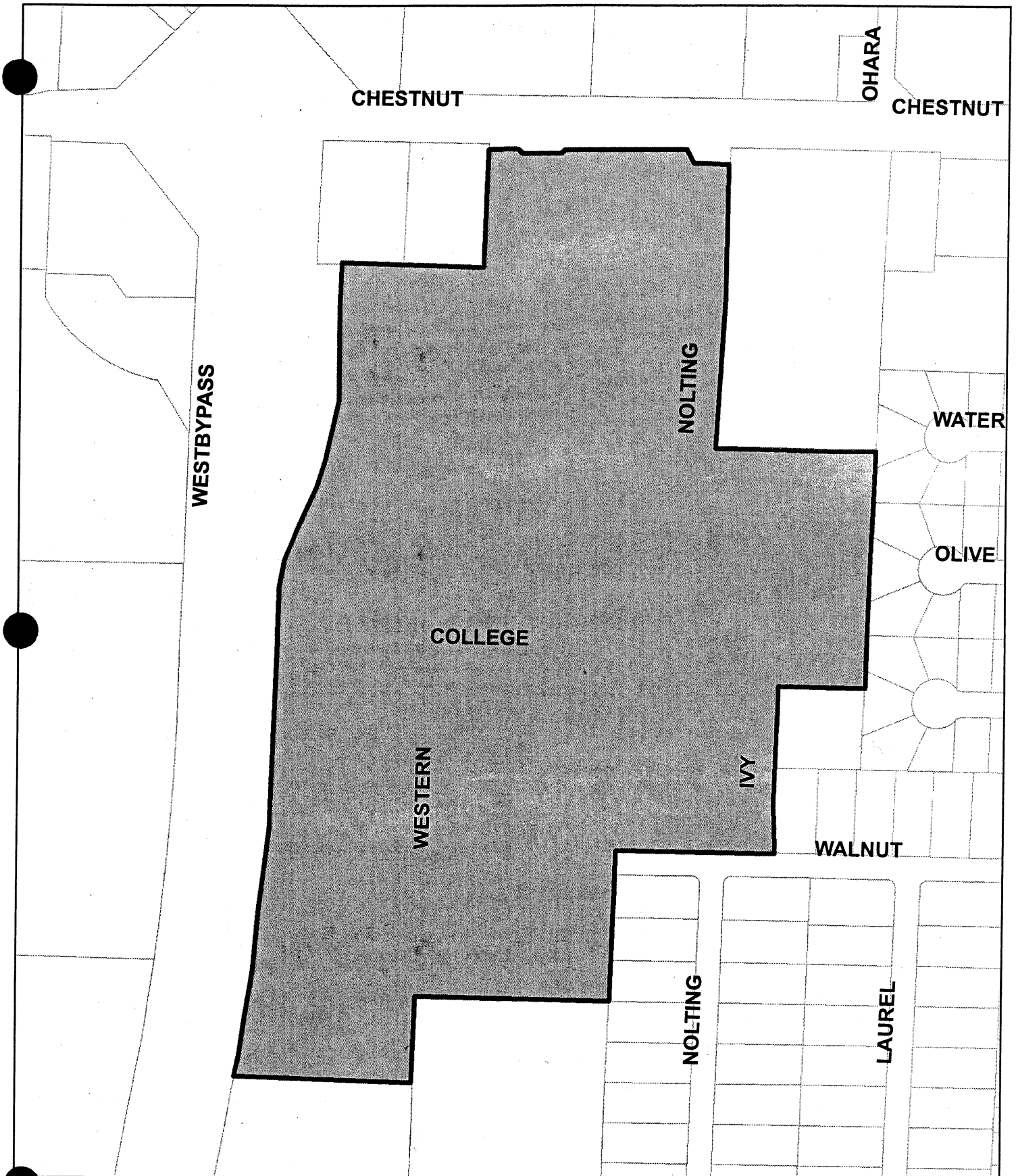


# Downtown CID

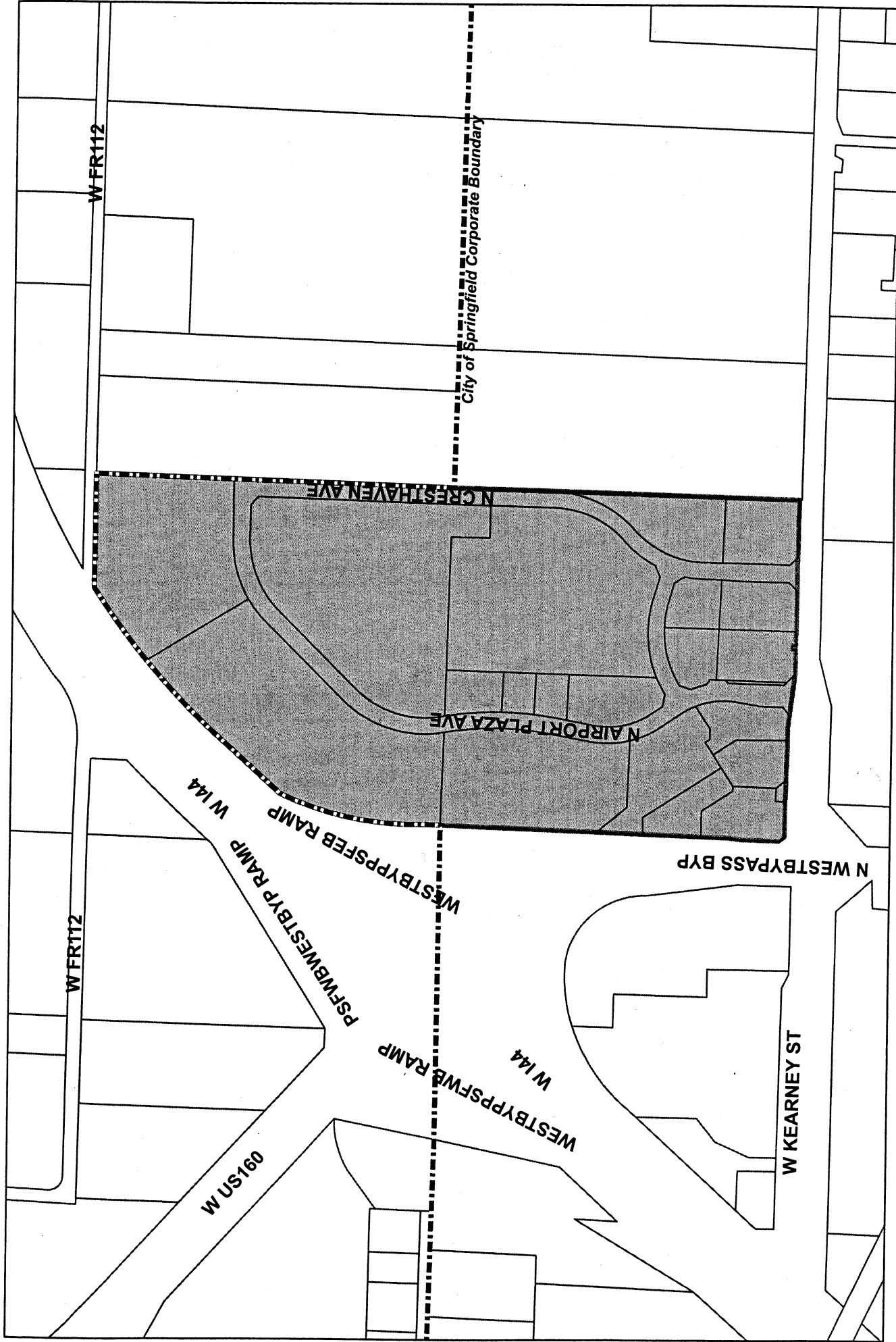
Convention and Entertainment CID

August 11, 2008

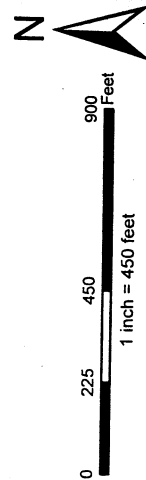


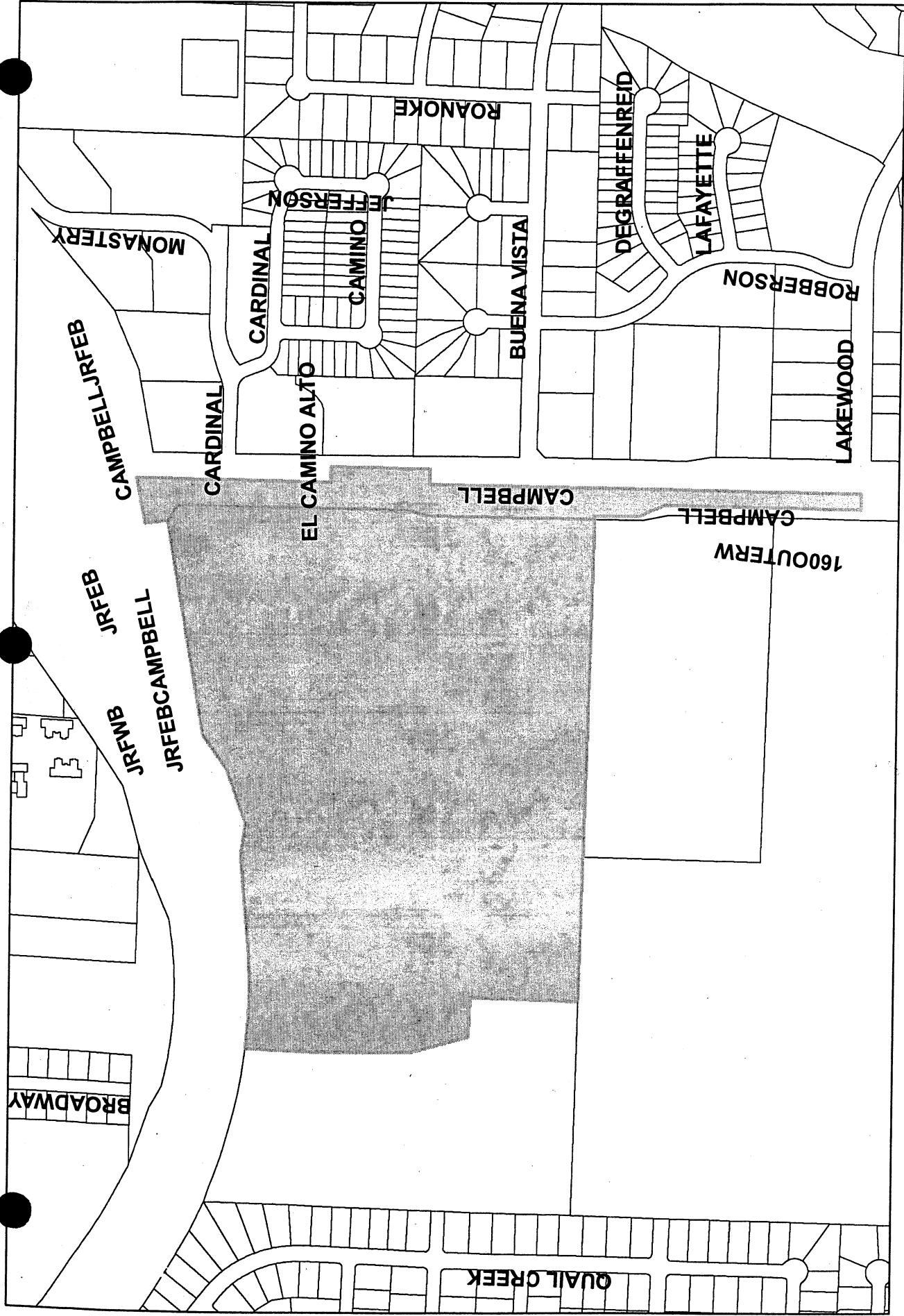




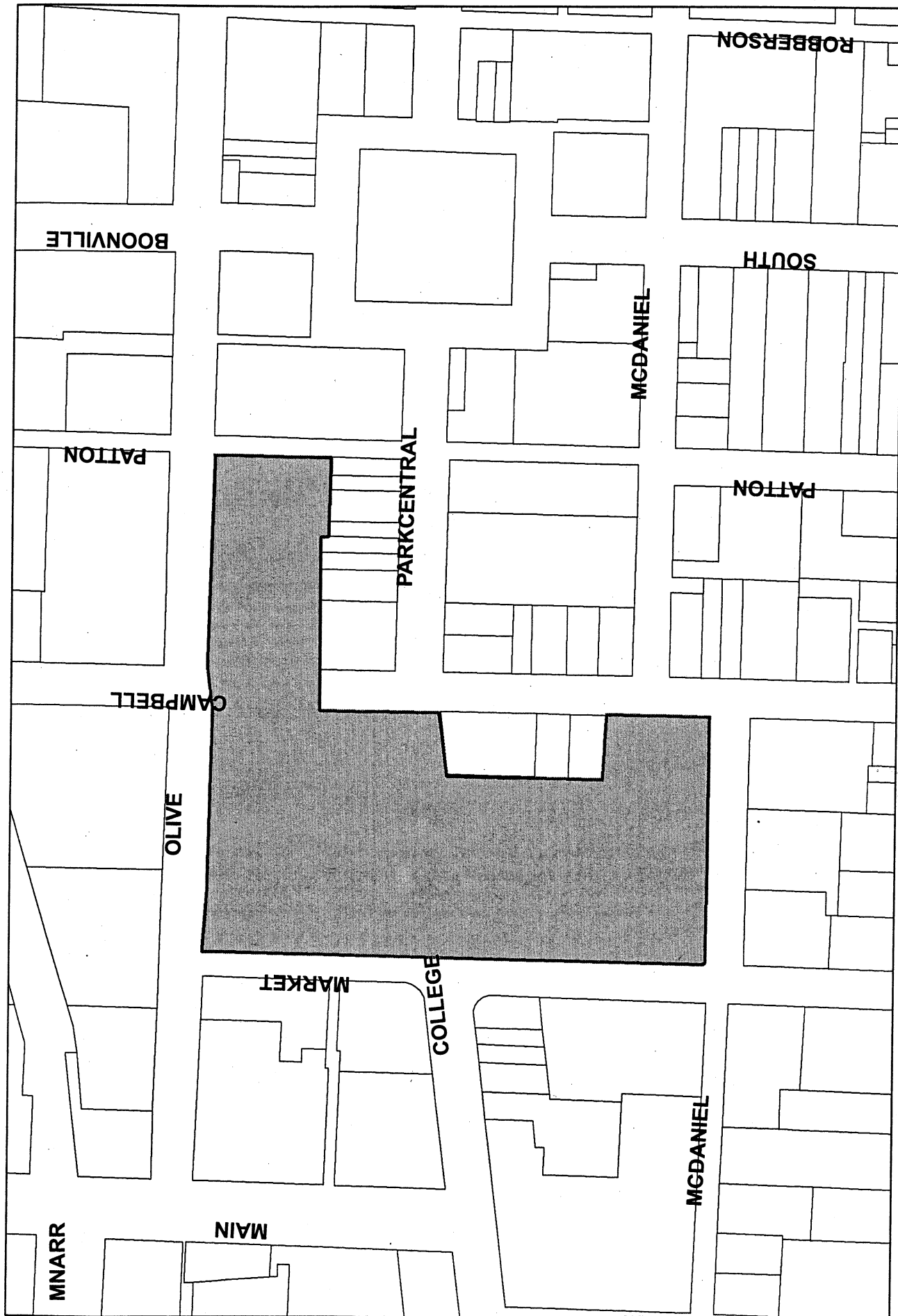


## Airport Plaza CID



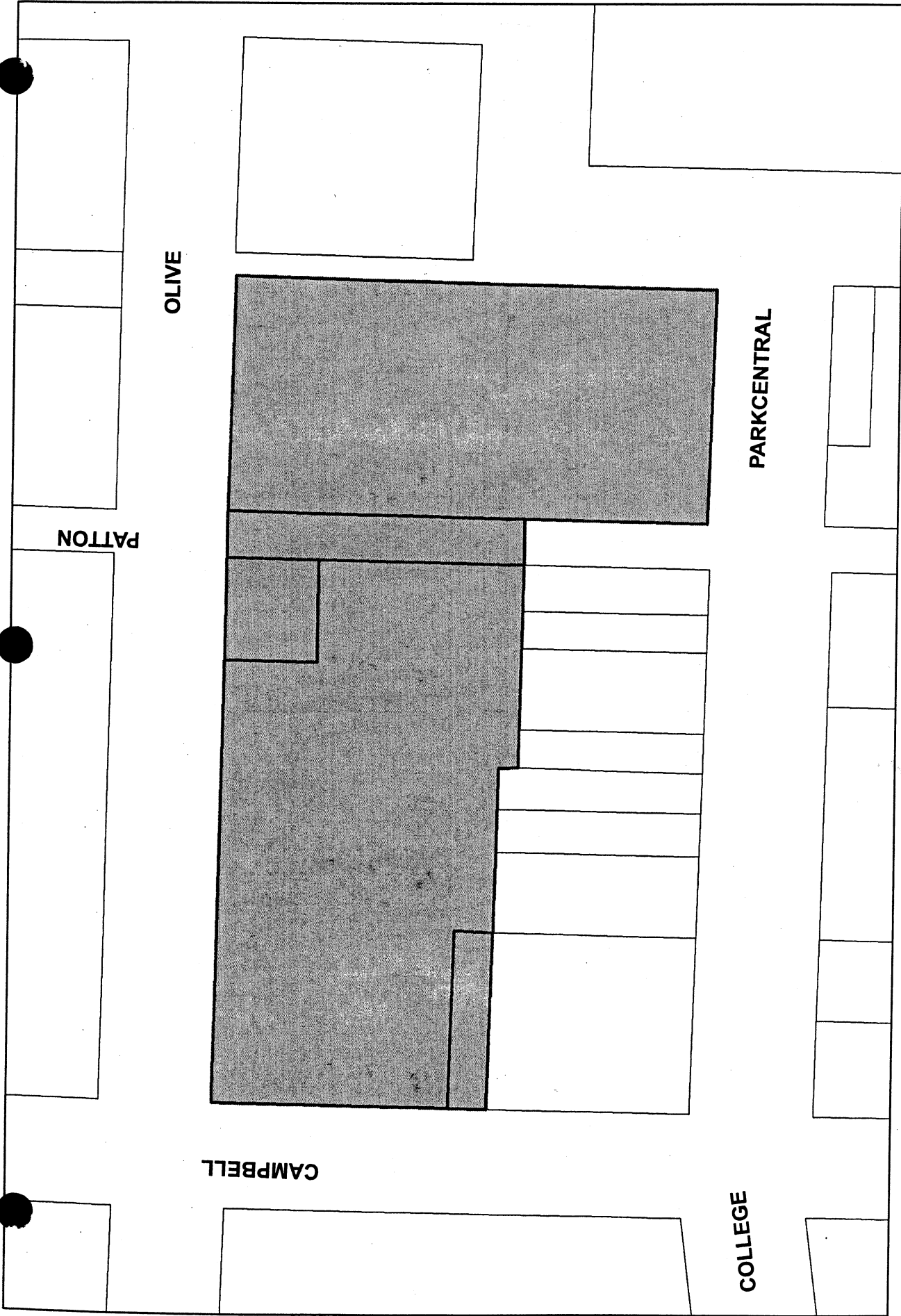


# James River Commons CID Boundary Map



# College Station CID Boundary Map





# Heer's CID Boundary Map